# Attachment A
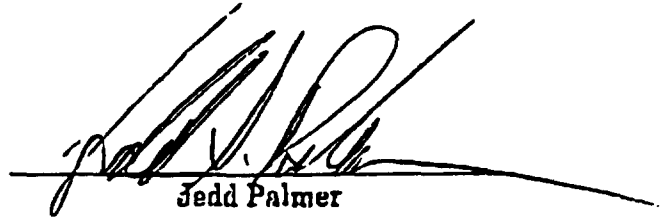
# AFFIDAVIT OF JEDD PALMER

I, Jedd Palmer, declare that the following is true:

1. I am the Senior Vice President of Programming for MediaOne, Inc ("MediaOne"). I have held my present position since January 6, 1998.

2. In this position I have responsibility for the acquisition of programming for all MediaOne cable systems in the United States and am in charge of the programming group at MediaOne which negotiates all national programming and carriage agreements.

3. While MediaOne owns a 25.51 % priority capital and residual equity interest in Time Warner Entertainment, MediaOne has not exercised any control over the selection of programming on Time Warner Cable systems nor is any Time Warner system covered today by any MediaOne programming affiliation agreement.

I declare under penalty of perjury that the foregoing statements are true to the best of my knowledge and belief.

Executed on this 13th day of August, 1998.

_____
Jedd Palmer

# Attachment B

# Comparison Between Telephone and Cable Providers in MediaOne's Largest Region (New England)

## Percentage of Incumbent LEC Presubscribed Lines vs. Percentage of MediaOne Cable Subscribers  By State - 1997*

| | Total Presubscribed Lines in State | Bell Atlantic/NYNEX - SNET Presubscribed Lines in State | Percentage of Bell Atlantic/NYNEX - SNET Presubscribed Lines | Total Cable Subscribers in State | MediaOne Cable Subscribers in State | Percentage of MediaOne Cable Subscribers |
|---|---|---|---|---|---|---|
| Connecticut | 2,035,573 | 2,015,389 | 99.01% | 1,014,648 | 35,524 | 3.50% |
| Maine | 754,878 | 633,594 | 83.93% | 307,521 | 18,472 | 6.01% |
| Massachusetts | 4,151,814 | 4,148,019 | 99.91% | 1,708,123 | 841,296 | 49.25% |
| New Hampshire | 752,763 | 707,034 | 93.93% | 365,493 | 166,047 | 45.43% |
| Rhode Island | 602,318 | 602,318 | 100.00% | 300,502 | 15,036 | 5.00% |

* Sources  Telco Data - Preliminary Statistics of Communications Common Carriers, Table 2 3 (Federal Communications Commission 1997 Ed.)

Cable Data - Warren Publishing, Inc  Television and Cable Factbook, Services Volume No. 65, 1997.

## Incumbent LEC Revenues vs. MediaOne Revenues in New England - 1997**

| | Total Operating Revenues for All LECs | Proportionate ILEC - Bell Atlantic/NYNEX - SNET Revenues*** | MediaOne Revenues | Percentage of MediaOne Revenues to ILEC Revenues |
|---|---|---|---|---|
| Connecticut | $1,480,000,000 | $1,465,324,859 | $15,879,000 | 1.08% |
| Maine | $465,800,000 | $390,961,301 | $7,739,000 | 1.98% |
| Massachusetts | $2,882,500,000 | $2,879,865,227 | $384,410,000 | 13.35% |
| New Hampshire | $534,400,000 | $501,936,160 | $66,012,000 | 13.15% |
| Rhode Island | $399,500,000 | $399,500,000 | $6,996,000 | 1.75% |

** Source  Telco Data - Preliminary Statistics of Communications Common Carriers, Table 2.13 (Federal Communications Commission 1997 Ed )

*** Total operating revenue for all local exchange carriers in state times ILEC share of total presubscribed lines in state.

# Attachment C

# PROPOSED RULE

**§76.503 National subscriber limits.**

(a)    No person or entity shall be permitted to serve more than 35% of all multichannel video programming subscribers nationwide through multichannel video distribution systems owned or controlled by such person or entity.

(b)    Attribution of ownership interests in multichannel video distribution systems that are held indirectly by any party through one or more intervening corporations or partnerships will be determined by successive multiplication of the ownership percentages for each link in the vertical ownership chain and application of the relevant attribution benchmark to the resulting product. [For example, if A owns 10% of company X, which owns 60% of partnership Y, which owns 100% of "MVPD", then A's interest in "MVPD" would be 6%.]

(c)    For purposes of attribution under paragraph (a), where a person or entity certifies that it holds less than a majority interest of another person or entity which owns or controls multichannel video distribution systems, and that the entity in which it holds less than a majority interest is not included in, and does not come under, that entity's programming affiliation agreements, the multichannel video programming subscribers served by such entity shall not be attributed to the persons or entities holding a minority interest.

(d)    A person or entity shall be allowed to exceed the subscriber limits imposed by paragraph (a) where such excess is the result of internal subscriber growth in systems currently owned or controlled or the expansion of currently owned or controlled systems into unserved areas.

# Media**O**ne<sup>SM</sup>

## This is Broadband. This is the way.

# MediaOne's Domestic Broadband Service Areas



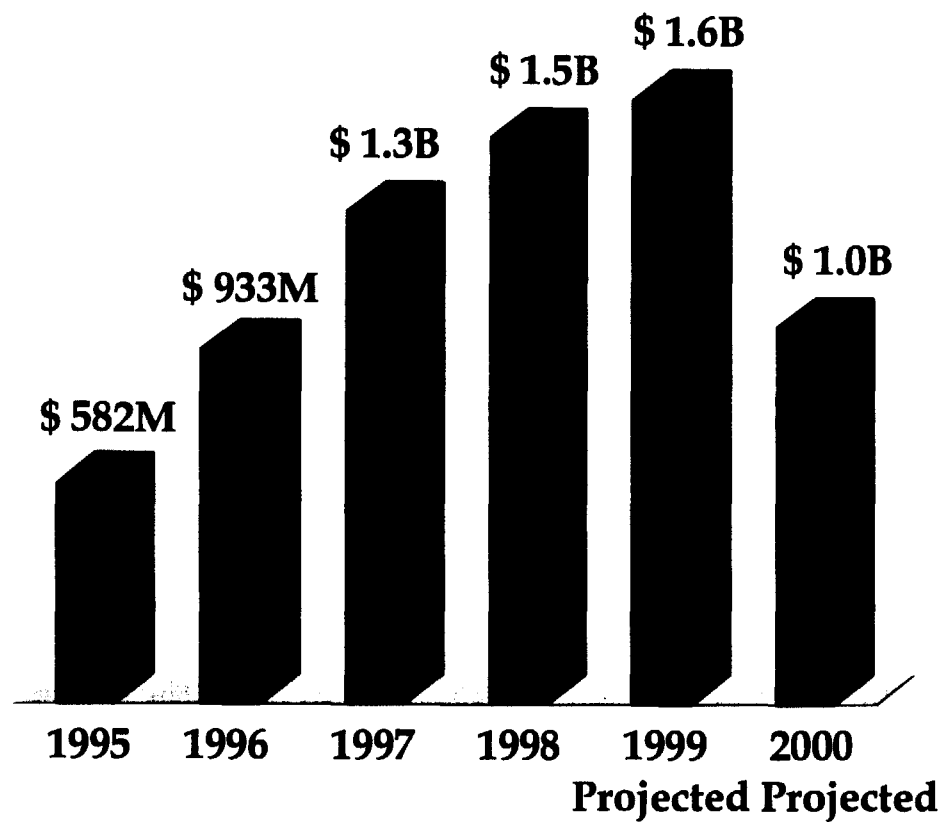- ◆ **MediaOne is the 3rd largest broadband company in the United States:**
  - 8.4 million homes passed
  - 4.9 million cable customers
  - 90% of customers in clusters of 100,000 or more
  - 8 markets with more than 200,000 customers

# MediaOne's Domestic Capital Budget



| Year | Amount |
|------|--------|
| 1995 | $ 582M |
| 1996 | $ 933M |
| 1997 | $ 1.3B |
| 1998 | $ 1.5B |
| 1999 Projected | $ 1.6B |
| 2000 Projected | $ 1.0B |

**Total domestic broadband investment over 6 years: $7.2 billion.**

# Hybrid Fiber Coax Video-Only Network

**Headend**

**Distribution Hub**

Signal
Processing
Modulation

Laser Tx

Fiber

Distribution
Hub

Laser Rx

CATV
Equipment

Laser Tx

Coax

Fiber
Node

Coax

Coax

Power
Supply

Coax

Tap

Tap

Tx = Transmitter
Rx - Receiver
Tr - Transmitter & receiver

# Broadband Network Architecture Supporting Video, Telephony and High Speed Data Service

**Headend**

**Distribution Hub**
(50 Nodes - 25K Subs)

Coax

Signal Processing Modulation

Laser

Fiber

5ESS

DCS

SONET

OSS

SONET

DC Power Supply

Routers

Servers

Fiber

Internet

CATV Equip

C/S

Laser

Laser T/R

SONET

HDT

HSD Router

Fiber Node

Coax

Fiber

Power Supply +Batteries

Coax

D.H.

PP Tap →

N I U

PC Modem

Tap

**Interconnecting to:**
- PSTN via ILEC
- SS-7
- 800
- LIDB
- Oper Svc
- 911
- InterLATA Carriers

PSTN = Public Switched Telephone Network
DCS = Digital Cross Connect System
HDT = Host Digital Terminal
SONET = Synchronous Optical Network
HSD = High Speed Data
C/S = Combiner/Splitter
PP Tap = Power Passing Tap
NIU = Network Interface Unit

# MediaOne's Broadband Lines of Business

## Video

- Enhanced analog is available to more than 4 million homes at year end 1998 and more than 6 million homes are projected for year end 1999.

- Digital TV roll-out in suburban Detroit.

## Residential Telephony

- Local telephone service is available to more than 750,000 homes at year end 1998 and over 1.5 million homes are projected for year end 1999.

- Telephone markets: Atlanta, Los Angeles, Jacksonville, Pompano, Boston and Richmond.
  - All 6 markets were launched in 1998.

## Residential High Speed Data Service

- High speed data service is available to 3 million homes at year end 1998 and more than 4 million homes are projected for year end 1999.

- High speed data service markets: Atlanta, Boston, Chicago, Detroit, Hialeah, Jacksonville, Los Angeles, northeast Ohio, Pompano and the Twin Cities.

# MediaOne's Competitive Landscape
## -- Current and Near-Term --

| Video | Residential Telephony | Residential High Speed Data |
|---|---|---|
| Ameritech New Media | Ameritech | Ameritech |
| BellSouth Interactive | Bell Atlantic | Bell Atlantic |
| Media Services | BellSouth | BellSouth |
| Cable Plus | GTE | Covad Communications |
| DirecTV | SBC/Pacific Bell | Hughes Network |
| EchoStar | U S WEST | Systems (DirecPC) |
| GE Rescom | | RCN |
| One Point | | SBC/Pacific Bell |
| Communications | | U S WEST |
| OpTel | | |
| RCN | | |
| SNET | | |

◆ MediaOne is experiencing vigorous competition in its video business.
◆ MediaOne is emerging as a viable competitor in telephony.
◆ MediaOne, like many other companies, is offering high speed data services.

# MediaOne Digital Telephone Services
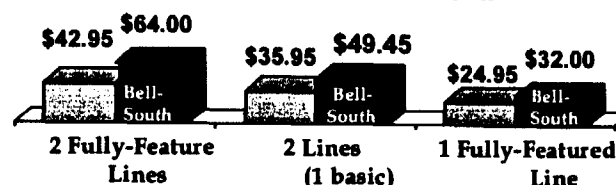## — Residential Consumer Product Packages —

## Competitively Priced Product Offering

- ◆ 2 fully-featured telephone lines

- ◆ 2 telephone lines: 1 fully-featured and 1 basic line

- ◆ 1 fully-featured telephone line

- ◆ Additional products such as voice mail, inside wire maintenance, directory assistance, operator services and directory listings
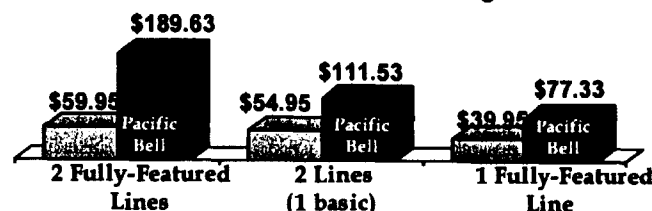
- ◆ One free month of service

## Promotional Offers
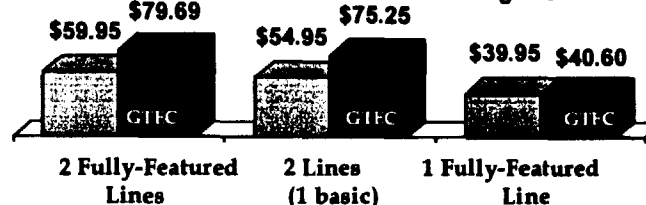
- ◆ Free installation

- ◆ Satisfaction guarantee

\* MediaOne includes 500 minutes of intraLATA calls.
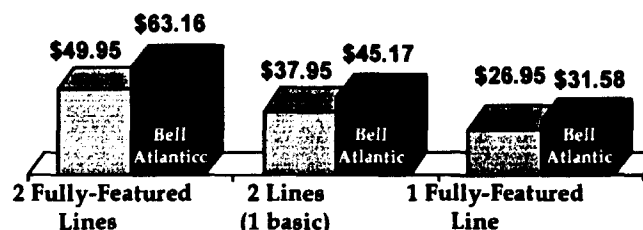
**MediaOne vs. BellSouth - Atlanta**

$42.95 $64.00 $35.95 $49.45 $24.95 $32.00

| 2 Fully-Feature Lines | 2 Lines (1 basic) | 1 Fully-Featured Line |

**MediaOne vs. Pacific Bell - Los Angeles\***

$189.63 $59.95 $54.95 $111.53 $39.95 $77.33

| 2 Fully-Featured Lines | 2 Lines (1 basic) | 1 Fully-Featured Line |

**MediaOne vs. GTEC - Los Angeles\***

$59.95 $79.69 $54.95 $75.25 $39.95 $40.60

| 2 Fully-Featured Lines | 2 Lines (1 basic) | 1 Fully-Featured Line |

**MediaOne vs. Bell Atlantic - Richmond**

$49.95 $63.16 $37.95 $45.17 $26.95 $31.58

| 2 Fully-Featured Lines | 2 Lines (1 basic) | 1 Fully-Featured Line |

# MediaOne Express
## Residential Consumer Offering

**MediaOne Express is:**

- High-speed cable modem service:
    - Up to 1.5 million bits per second *to* the customer's computer.
    - Up to 300 kilobits per second *from* the customer's computer.
- Broadband content for children, communities, schools and libraries.
- Multimedia tool kit: customized Web browser, plug-ins, e-mail, newsgroups and more.
- Modems provide constant connectivity.
- Personal Web pages.
- Online, e-mail and telephone support 24 hours a day, seven days a week.
- Monthly rate of $39.95 for video customers.

# Examples of MediaOne's Community Outreach
# Using MediaOne Express

- ◆ Schools connected to MediaOne Express: <u>over 400</u> at year end 1998.
- ◆ Libraries connected to MediaOne Express: <u>about 40</u> at year end 1998.
- ◆ Pilot medical projects:
  - – Newton Wellesley Hospital.
  - – Exeter Hospital.
  - – New England Medical Center.
- ◆ Library Connections Program.
- ◆ COOL (Community Outreach and Online Learning) Bus.

# Summary

- MediaOne is **committed to facilities-based competition to the home.**

- MediaOne has an **aggressive upgrade strategy**.

- MediaOne is **offering a full range of broadband services --** enhanced analog video, residential telephony and residential high speed data service.

  - To a diverse base of residential customers, including customers in urban and rural areas many of which have low income and ethnically diverse populations.

  - To promote investment in broadband infrastructure and to achieve competition and innovation, **public policy should encourage risk-taking --** as MediaOne has done.

*from* **MediaOne**

# The MediaOne COOL Bus

## What is the COOL Bus?

The COOL bus is MediaOne's way of taking our hands-on Internet training on the road. As part of our Community Outreach and Online Learning (COOL) program, this mobile, interactive computer-training lab gives teachers, students and parents a chance to explore the Internet in a lively, educational environment.

## Who are the instructors?

The COOL bus program is a partnership between MediaOne and specially trained interns from local universities. The interns work with our local MediaOne offices throughout the country to schedule training sessions at schools and public libraries in the communities we serve. The interns typically conduct at least 90 hours of Internet training in a given community each month.

## What would I learn?

The instructors introduce "students" to the Internet and teach them how to access online information services and send and receive electronic mail. The interns also will provide a guided tour of the Internet and explain the tools used to navigate the World Wide Web. The tour includes "hot links" to several Web sites that are appropriate for young Internet "surfers." After their guided tour, students are given a chance to explore the World Wide Web on their own.

## What's the COOL Bus Itinerary?

During the past nine months in Atlanta, MediaOne interns trained more than 1,800 teachers, students and parents in 28 communities. The next stop for the COOL bus will be in Los Angeles in October. Another COOL Bus will be in Florida in November. We also have a COOL Bus scheduled to visit Minneapolis-St. Paul before the end of the year.

## Who would benefit from Internet training?

Anyone and everyone! Our Atlanta trainers found that senior citizens were as adept at surfing the 'net as kids. The trainers also reported that many Atlanta training sessions involved parents and their children – and that the COOL Bus visited a wide variety of organizations, including inner-city schools and youth centers, Morehouse College, the Parent University, scout troops, and churches.

**Full story**                    **Union-News.**
                                  **BUSINESS**

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# My life in the fast lane begins

Saturday, October 24 1998
By MIKE BOGEN
Staff Writer

My significant other leafed through the mail and casually tossed the brochure onto the dining room table.

"Hmmm, MediaOne's got cable Internet service," she said. "Is that something you're interested in?"

Thanks to cordless telephone technology, I was dialing MediaOne — the folks who pipe about a gazillion television stations into my Agawam home each month — before the brochure had completely settled on the place mat.

It took the MediaOne Express salesman just a bit longer to actually sign me up for its cable Internet service. He had to pick up his pen.

I was not exactly a tough sell.

Indeed, I had been awaiting this day for well over a year, ever since the day a cable service man told me it was coming.

"You'll be able to access Web pages like you're flipping channels on your TV, and you'll be able to download files so fast your head will spin," he said.

So, I spent the next year connected at 28,800 bytes per second — on a good day, when the stars were aligned just so, and everyone else who owned a computer was at the beach. More often than not, I'd be connected at 26,400, and sometimes even at 21,600 or 19,200.

The 33,600 promised on my modem's box was nothing more than an elusive dream, something meant for people with cleaner telephone lines and God-only-knows-what-else going for them.

So, I patiently waited for the light at the end of the technology tunnel, and now, I was about to see that light. Well, maybe.

My first problem was the wiring. I needed the cable in the small, second-floor bedroom that is my office/play pen. MediaOne won't fish lines through walls, and my significant other had made it quite clear that we were not going to have coaxial cable running across the living room carpet and up the stairs. What I needed was to split a line from the existing cable running into my room — an iffy circumstance at best, hinging on the strength of the signal on the second floor.

It worked. And, when the installer had finished his two-hour, installation job, including a Network Interface Card, the external modem and Netscape software, there were only two questions remaining: Would cable Internet access actually be everything they said it would? Would it be worth it?

There are several factors to be weighed.

First, there's cost. Compared to having a normal ISP, MediaOne Express is pricey. Normal installation costs $99, plus $49 for the LAN (local area network) card. The $99 was halved through October. A MediaOne sales rep said he did not know whether that promotion would be continued after Nov. 1.

The monthly cost of $39.95 — for MediaOne TV customers — is about twice that of the average ISP, but can be reduced to $29.95 if one purchases the required desktop modem ($199) outright. The price starts at $49.95 for Express customers who are not MediaOne TV cable customers.

According to MediaOne Director of Marketing Paula Giancola, both the customer and non-customer prices already dropped $10 as of July 15.

And, Giancola said, customers who have been paying for a second phone line for Internet access will be able to save that cost.

The other drawback would seem to be Internet access when you are away from home. While you can access the Net from your hotel room in Sheboygan, you'll do it only at whatever speed your laptop modem handles, because you obviously won't be connected to the network. And, after the first two hours, which are free, you'll pay $2 an hour connect time.

"We're figuring people will only want to access their e-mail when they're away from home," Giancola said.

There are, on the other hand, several items on the plus side — even before getting to performance.

Because you're connected to a LAN, your modem is never off and your browser can be loaded 24 hours a day, seven days a week, continually updating those football scores, or ready to show you the local weather at your MediaOne home page, which right now is customized for different communities, but is not as individually customizable as, say, the Excite or Mindspring home pages. I chose to keep my Excite home page and placed a clickable link to the MediaOne home page on it.

MediaOne Express provides 10MB of Web space for customers who want to build their own Web pages.

Probably most impressive of all, though, is that thus far MediaOne tech support has been outstanding. Connect time to an actual human being has been relatively fast, and there's no attempt at this point, at least, to direct users to Web sites, fax-back or pre-recorded help options. That has included support for Netscape.

"We're using a customized version of Netscape, with certain buttons made for MediaOne Express, and it's not clear to people where the support lines are drawn," Giancola said. "Right now, we're doing a lot of application support, and we're hoping to do it in many ways in the future. Netscape isn't our responsibility, but it's important to help out a little."

And then, there's performance.

If you're the impatient sort . . . if you feel your brain about to begin hemorrhaging when you wait for pages to load, or files to download . . . then, yes, it is worth it.

My first tests were pages I had bookmarked and previously accessed. Of course, these are going to load faster than pages to which you're going for the first time, because the graphics are stored in a cache on your hard drive.

I loaded the CBS Sportsline site (www.sportsline.com) in 11 seconds. It took all of six seconds to load the CNN/SI (http://CNNSI.com) front page, four seconds to load the ESPN SportsZone (http://ESPN.SportsZone.com) and eight seconds to load the Mindspring home page (http://mindspring.com).

Western Massachusetts' own MassLive (www.masslive.com) loaded in four

seconds.

All five of those pages are pretty graphics-intensive, with several photographs, graphics and advertising banners.

Next, I wanted to try some pages I hadn't visited previously. They were among my bookmarks, in the file I'd copied from my last computer, but no part of them was cached on this computer.

E! Online (www.eonline.com) took 17 seconds. The official Xena, Warrior Princess site (www.mca.com/tv/xena) took less than five seconds. Having just read that the World Wrestling Federation's official site gets about a million hits a day, I figured that would be a good test. Its opening screen — one photo — was practically instantaneous, and when I clicked on that picture to enter the site, it took me another four seconds.

OK, all in all maybe not quite as fast as changing TV channels with the remote, but still pretty fast.

My next test was downloading programs, pictures, audio and video. Some examples:

The download of a 22.6 megabyte game demo ("Game, Net & Match!") from the ZDNet site (http://zdnet.com) reached a top speed of 140.1 KBPS and was completed in two minutes, seven seconds.

The download of a 4.85 megabyte demo of Football Master 98, also from ZDNet, reached a top speed of 78.3 KBPS and took 27 seconds.

A 912K NFL highlight AVI file took 15 seconds.

A 403K .WAV file took seven seconds.

A 771K Quick Time Video file took 13 seconds.

I strongly suspect I had as much fun watching the KBPS number climb and the "time remaining" number plummet on the game downloads as I ever will have in actually playing the games. After all, most folks are used to waiting for downloads at 2 to 5 KBPS on standard modems.

Finally, I wanted to try streaming audio and video.

At the RealPlayer Plus site (http://pluszone.real.com), I watched the trailer for the film "I Know What You Did Last Summer." At 35.2 KPBS, it ran smoothly. The same was true for the trailer for John Carpenter's "Vampires" at film.com (www.film.com), which was perfectly seamless at 100.1 KBPS.

At ABCNews.com, I played a network stream at 42.8 KBPS, and again, it was seamless.

However, watching Court TV at Broadcast.com, was not quite as seamless. At 20.1 KBPS, the picture was extremely choppy, although the audio was seamless, and there were none of the constant "buffering" stops I used to get when listening to live audio.

When I had MediaOne Express installed, I was, according to the installer, "one of 75 people between Worcester and New York" with it. Now, a month later, that number is still only up to less than 300, according to Giancola. That, of course, will change.

And, as anyone who cut his or her online teeth with America Online will tell you, performance standards or figures can change drastically when the online population explodes. After all, the more people using a network or online service, the greater the drain on resources, and the greater the connectivity problems, right?

That, according to Giancola, is not an issue.

"We plan to be in seven Western Mass. communities by the end of the year,"

she said. "By the end of 1998 we'll be available to a million people. But numbers aren't an issue. We monitor traffic on a real-time basis, and if it came to it, we'd have very easy fixes without a loss of baud rate to customers. We are so far from having such an issue, but there are technical solutions to them if they ever did come up."

Right now, MediaOne Express is available in Agawam and Westfield. West Springfield has an early November startup date; and Holyoke, Southwick, Granby and South Hadley are due in December.

Have something to say about this story? Shout it out loud in the Business forum.

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DOCUMENT OFF-LINE

This page has been substituted for one of the following:

o An oversize page or document (such as a map) which was too large to be scanned
into the RIPS system.

o Microfilm, microform, certain photographs or videotape.

o Other materials which, for one reason or another, could not be scanned into
the RIPS system.

The actual document, page(s) or materials may be reviewed by contacting an Information
Technician. Please note the applicable docket or rulemaking number, document type and
any other relevant information about the document in order to ensure speedy retrieval
by the Information Technician.

*3 pamphlets*